



21st Century ROAD to Housing Act

Title II, Section 204:

Addition of affordable housing construction as an eligible activity

[Link to Section 204 Text](#)

SUMMARY

Section 204 creates a new eligible activity that authorizes the use of CDBG funding for construction of affordable housing. This activity is in addition to—not a replacement of—the existing activity that allows for new housing in partnership with Community Based Development Organizations (CBDOs).

When using this new eligible activity, grantees must:

- Comply with the affordability requirements in section 215 of the *Cranston-Gonzalez National Affordable Housing Act* ([42 U.S.C. 12745](#))
- Not exceed 20% of their CDBG allocation for these activities

IMPLEMENTATION TIMELINE AND RESPONSIBILITIES

This new CDBG activity is only allowed using appropriations provided *after* enactment of ROAD. This activity is not allowed for any CDBG funding appropriated before Fiscal Year 2027 grants. There is no requirement in the law for HUD to develop rules or guidance for this new eligible activity, but COSCDA plans to ask HUD for guidance where needed.

Note that Section 501 of ROAD edits Section 215 of *Cranston-Gonzalez*. CDBG recipients who plan to use the new activity for affordable housing construction may want to wait to familiarize themselves with Section 215 until there is guidance from HUD on the updates.

STATUTORY AND REGULATORY CHANGES

Color Coding Key

- Black text is for labeling or for statutory/regulatory text that will stay the same
- **Blue text** is for additions to existing statute/regulations
- ~~Red text~~ is for removals from existing statute/regulations

Section 105(a) of the Housing and Community Development Act of 1974

[42 U.S.C. 5305](#) – Community Development, Activities eligible for assistance

(a) Enumeration of Eligible Activities

Activities assisted under this chapter may include only –

(28) the new construction of affordable housing, within the meaning given such term under section 215 of the Cranston-Gonzalez National Affordable Housing Act ([42 U.S.C. 12745](#)), and which shall not exceed 20 percent of the amounts allocated to the recipient.

(c) Activities Benefiting Persons of Low and Moderate Income

(3) Any assisted activity under this chapter that involves the acquisition, **rehabilitation, or new construction** ~~or rehabilitation~~ of property to provide housing shall be considered to benefit persons of low and moderate income only to the extent such housing will, upon completion, be occupied by such persons.